"(rXD The Secretary is authorized upon application of a mortgagee to insure under this subsection a mortgage the proceeds of which are used to refinance a mortgage insured under this section.

"(2) To be eligible for insurance under this subsection, a mortgage Insurance, must be executed by a mortgagor meeting the requirements of paragraph (3) and shall—

`"(A) be a first lien on real estate held in fee simple, or on a leasehold under a lease—

"(i) for not less than 99 years which is renewable; or

"(ii) having a period of not less than 10 years to run beyond the maturity date of the mortgage;

"(B) have been made to, and held by, a mortgagee approved by the Secretary:

"(C) be in an amount not exceeding the outstanding principal balance, including any unpaid interest, due on the mortgage being refinanced:

"(P) have a maturity not exceeding the unexpired term of the mortgage being refinanced:

"(E) bear an interest rate not exceeding such percent per annum on the amount of the principal obligation outstanding at any time as the Secretary finds necessary to meet the mortgage market, taking into consideration the yields on mortgages in the primary and secondary markets; to the extent that the amounts described in paragraphs (4) (A) and (B) are not otherwise paid by the Secretary, the foregoing interest rate may be increased, in the discretion of the Secretary, to compensate the mortgagee for its payment to, or on behalf of, the mortgagor of such amounts; and

"(F) meet the criteria for refinancing as determined by the Secretary.

"(3) Notwithstanding the provisions of subsection (hX2), assistance payments in connection with mortgages insured under paragraph (2) shall be made only with respect to a family who is eligible for and receiving assistance payments with respect to the insured mortgage being refinanced.

"(4) The Secretary is authorized and, to the extent provided in appropriation Acts, may pay to the mortgagor (directly through the mortgagee, or otherwise)—

(A) an amount, as approved by the Secretary, as an incentive

to the mortgagor to refinance a mortgage insured under this section; and

Contracts.

"(B) an amount as approved by the Secretary for costs incurred in connection with the refinancing, including but not limited to discounts, loan origination fees, and closing costs.

"(5) Amounts of budget authority required for assistance payments contracts with respect to mortgages insured under this subsection shall be derived from amounts recaptured from assistance payments contracts relating to mortgages that are being refinanced. For purposes of subsection (cX5XA), the amount of recaptured budget authority that the Secretary commits for assistance payments contracts relating to mortgages insured under this subsection shall not be construed as 'unused'.

Insurance.

"(6) The Secretary is authorized to take any actions to identify and communicate with any mortgagor of a mortgage insured under this section to implement the refinancing of such mortgages with insurance under this subsection. The Secretary may take such actions directly or under contract. Notwithstanding the restriction